

SALES TAX EXEMPTION FOR ATTACHMENTS TO SELF-PROPELLED IMPLEMENTS OF HUSBANDRY

Prior Law

Under prior law, farm machinery and equipment, including auxiliary attachments, which improve the performance, safety, operation, or efficiency of the machinery and equipment, and replacement parts are exempt from sales tax, if the machinery and equipment or auxiliary attachments meet the following conditions:

- (1) The farm machinery and equipment are directly and primarily used in production of agricultural products.
- (2) The farm machinery and equipment are self-propelled implements or implements customarily drawn or attached to self-propelled implements or the farm machinery or equipment is a grain dryer.
- (3) The replacement part is used in any repair or reconstruction necessary to the farm machinery's or equipment's exempt use in the production of agricultural products.

New Provisions

In addition to the existing exemptions for farm machinery and equipment and auxiliary attachments the following items are exempt from tax when used in agricultural production:

- (1) A snow blower that is to be attached to a self-propelled implement of husbandry; and
- (2) A rear-mounted blade that is to be attached to or towed by a self-propelled implement of husbandry; and
- (3) A rotary cutter that is to be attached to a self-propelled implement of husbandry.

Unique to this specific provision is that the items must merely be *used* in agricultural production rather than being *directly and primarily used* in agricultural production.

Section Amended

Section 1 of 2012 Iowa Acts House File 2470 amends section 423.3, subsection 8, Code Supplement 2011, by adding new paragraph c.

Effective Date

July 1, 2012

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